

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### Hydration (HDX)

Last updated on March 5, 2026

#### Disclaimer

***Please note that this risk disclosure is not exhaustive of all risks associated with trading HDX. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the [Risk Summary](#) for additional discussion of general risks associated with the assets made available in the platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.***

#### What is Hydration and how does it work?

Hydration is a Polkadot parachain that runs an “omnipool” automated-market-maker. Instead of splitting liquidity across many two-token pairs, the omnipool keeps dozens of assets in a single pool so trades execute in one hop with lower slippage. Liquidity providers can deposit just one asset, while the protocol’s routing logic matches buyers and sellers internally. Beyond the core omnipool, Hydration also supports stable-asset pools, isolated pools for riskier tokens, over-the-counter swaps and lending/borrowing and the HOLLAR over-collateralised stablecoin.

HDX is Hydration’s native governance and utility token. Capped at 6.5 billion after a community vote that burned the unused supply, HDX acts as the hub asset inside the omnipool, is required for on-chain voting and can be staked to share protocol revenue. Instead of inflating, Hydration automatically spends 50% of every trading fee to buy back HDX on-chain; those tokens, plus earnings from protocol-owned liquidity, fund non-inflationary staking rewards and treasury initiatives.

#### Who is behind the project?

Hydration was originally incubated by venture firm Zee Prime Capital and is developed by Galactic Council, a distributed team whose public co-founders are Jakub Greguš and Jakub Pánik.

#### Tokenomics of HDX

The HDX max supply is capped at 6.5 billion tokens. Circulating supply is  $\approx$  5.9 billion as of March 5, 2026.

| Category | Amount |
|----------|--------|
|----------|--------|

|                            |       |
|----------------------------|-------|
| Growth incentives & bonds  | 27.6% |
| LBP participants           | 30.5% |
| Founders & team            | 12.5% |
| Seed & strategic investors | 10.6% |
| HDX crowdloan              | 7.6%  |
| BSX crowdloan              | 1.9%  |
| DAO treasury               | 5.5%  |
| Collator rewards           | 3.9%  |

**General Risks**

Like all other digital assets, there are some general risks to investing in HDX. These include short history risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see Kraken’s Risk Statement.

**Risks specific to HDX**

*Competition*

The Hydration network faces competition from other liquidity protocols such as Balancer, Curve Finance and Uniswap. Hydration’s value derives from its broader adoption in the market. If the Hydration network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of HDX.

*Developer Dependence*

While there are many developers who contribute to Hydration, there are no guarantees that they will continue to contribute. HDX, Hydration’s native asset, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs and improve its decentralized-exchange tooling when necessary.

**Due Diligence**

Prior to listing on the Kraken platform, Kraken performed due diligence on Hydration and determined that Kraken was permitted to make Hydration available for trading to UK users, in compliance with UK law. This process generally consists of reviewing publicly available information on the following:

- The creation, governance, usage and design of HDX, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) who created HDX;

- The supply, demand, maturity, utility and liquidity of HDX;
- Material technical risks associated with HDX, including any code defects, security breaches and other threats concerning HDX and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with HDX, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of HDX, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to HDX regarding whether HDX, or generally regarding whether the type of crypto asset, is a security and/or derivative.

**Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong. [Take 2 mins to learn more.](#)**

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